

EXHIBIT G

Excerpts of Konstantinidis Deposition

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:)
)
) Case No.
FTX TRADING LTD., et al.)
) 22-11068 (JTD)
Debtors.)

EXAMINATION OF
FOTIOS KONSTANTINIDIS

TAKEN ON

TUESDAY, FEBRUARY 27, 2024

CERTIFIED STENOGRAPHER:

JESSIE WAACK, RDR, CRR, CCRR, NYRCR, NYACR,
CCR-NJ (No. 30XI008238700) CSR-TX (No. 11958)
CCR-WA (No. 21007264), CSR-CA (No. 14420),
REALTIME SYSTEMS ADMINISTRATOR
JOB NO.: 1105009

Page 14

1 F. KONSTANTINIDIS - 02/27/2024
2 matter?

3 A. By saying "complete," what do you
4 mean?

5 Q. Are you offering opinions on any
6 subjects that are outside Exhibits -- the
7 scope of Exhibits 1 and 2?

8 A. These are my reports, but based
9 on the -- on your questions, I will clarify
10 my opinions --

11 Q. Okay.

12 A. -- or provide additional
13 insights.

14 Q. And with respect to the -- are
15 you -- you're intending to testify at the
16 hearing on March 20 before the Court?

17 A. Yes.

18 Q. Are you intending to provide
19 testimony and offer opinions on any
20 subjects that are not contained in
21 Exhibits 1 and 2?

22 A. I will be testifying based on my
23 opinions; however, based on the questions,
24 I may expand on my opinions.

25 Q. Have any of your opinions changed

Page 16

1 F. KONSTANTINIDIS - 02/27/2024

2 Q. And you're not offering an
3 opinion on any alternatives to a
4 liquidation?

5 A. My opinions are strictly on
6 valuing the portfolios as of the petition
7 date and time.

8 Q. Similarly, Mr. Konstantinidis,
9 you're not offering any opinion with
10 respect to trading strategies or other ways
11 the debtors might monetize their token
12 portfolio, correct?

13 A. Correct. That's out of the scope
14 of my opinions.

15 Q. And you're not suggesting that
16 the debtors should hedge or short or do
17 anything else with respect to their tokens
18 with respect to monetization of those
19 tokens, correct?

20 A. Correct.

21 Q. Are you familiar with the concept
22 of burning tokens?

23 A. Yes.

24 Q. What is the concept of burning
25 tokens?

Page 15

1 F. KONSTANTINIDIS - 02/27/2024

2 in any way since you completed and executed
3 your reports reflected in Exhibits 1 and 2?

4 A. No, they haven't.

5 Q. Is there anything in those
6 reports that you would like to amend or
7 clarify with respect to the testimony
8 that -- or not testimony, with respect to
9 the opinions that are contained in those
10 reports?

11 A. No, I don't.

12 Q. Mr. Konstantinidis, you're not
13 offering an opinion on any alternative ways
14 that the debtors could try to realize value
15 from Maps, Oxy or Serum, are you?

16 A. The scope of my opinions were to
17 value the portfolios of the four entities.
18 It wasn't in scope to determine how the
19 liquidation of the debtors' side will take
20 place.

21 Q. So you're not offering an opinion
22 on how the debtors would liquidate those
23 assets?

24 A. I'm not offering an opinion on
25 how the liquidation will be implemented.

Page 17

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Well, in many cases, either
3 individuals or entities, they will decide
4 to burn tokens, basically throw them away
5 from the wallet ID so -- for different
6 strategies.

7 Q. You're not offering an opinion
8 that the debtors should be burning Maps,
9 Oxy or Serum tokens in this case, are you?

10 A. Again, solely my opinions was to
11 value the portfolios.

12 Q. So you're not offering an opinion
13 with respect to whether it makes sense for
14 the debtors to burn tokens in this matter,
15 are you?

16 A. I'm not offering any opinions
17 about potential strategies from the
18 debtors.

19 Q. Did you have -- in completing the
20 analysis and opinions reflected in your
21 reports, did you have assistance from
22 anyone in completing that work?

23 A. Yes, I did.

24 Q. Who assisted you?

25 A. I had two members of my team that

F. KONSTANTINIDIS - 02/27/2024
 assisted me in the data analysis and also another person that assisted me with a blockers discount model with a model that I use for valuation.

Q. Are these other employees at Stout?

A. There are other -- in general?

Q. No. Are the -- are the individuals who assisted you other employees of Stout?

A. Yes.

Q. What was their role in the analysis compared to yours?

A. The role of one of them was to analyze the data we received. The role of the second was to mine the blockchain so we can get cryptocurrency data. The third one was to run the Stout valuation model under my guidance.

Q. If you could look at Exhibit B to what is Exhibit 1 of your report, your report that you filed on behalf of the DLA clients.

A. Uh-huh.

F. KONSTANTINIDIS - 02/27/2024

A. No.

Q. Do you hold any degrees in economics?

A. No.

Q. Do you hold any professional certifications or licenses in either finance or economics?

A. No.

Q. Do you hold any degrees in valuation?

A. What do you mean "degrees in valuation"?

Q. Do you have any -- either educational degrees or professional certifications in valuation.

A. As far as I know, there's no degree in valuation. So you mean certification or...

Q. Any -- whether it be certification, licensing, professional --

A. No.

Q. Based on your CV, sir, I understand you've been with Stout since August of 2019; is that correct?

F. KONSTANTINIDIS - 02/27/2024

Q. Exhibit B there is a copy of your CV; is that correct?

A. Exhibit B or Exhibit 1?

Q. Exhibit B to that document, sir.

A. Oh, okay. Okay.

Q. Is that a copy of your CV?

A. Yes.

Q. Is that CV still accurate as we sit here today?

A. Yes.

Q. Mr. Konstantinidis, I understand from your CV that you obtained an undergraduate degree in physics in Greece; is that correct?

A. That's correct.

Q. Then you attended UCLA for graduate school; is that right?

A. Yes.

Q. What degrees did you obtain in connection with your graduate studies?

A. I obtained a master's in space physics and a master's in computer science.

Q. Do you hold any degrees in finance?

F. KONSTANTINIDIS - 02/27/2024

A. Yes.

Q. Okay. And prior to your role joining Stout, did you do any work performing asset valuation?

A. No.

Q. Prior to joining Stout, in your experience, did you have any experience with application of asset discounts?

A. No.

Q. Prior to your joining Stout in 2019, did you have any professional experience with respect to digital assets?

A. Yes.

Q. Can you explain for me that experience prior to joining Stout?

A. Yes. That experience was with Visa, obviously the biggest payment network, between 2015 and 2017. There were multiple prototypes on the blockchain network. And products I built with startup at Visa was investing -- investing in chain.com.

At McKinsey, there were clients that I was working for that they had

1 F. KONSTANTINIDIS - 02/27/2024
2 blockchain.

3 And in my most recent employ just
4 before Stout, I worked on the blockchain
5 for specific use cases for the fintech
6 industry.

7 Q. And what do you mean by that,
8 when you say work on the blockchain? What
9 were you actually doing?

10 A. I was actually using blockchain
11 to identify customers. So I knew the
12 intricacies of the blockchain and how it
13 works, which is the main platform for
14 digital assets.

15 Q. And was either of those -- either
16 of those experiences -- neither of those
17 experiences involved valuation of digital
18 assets, correct?

19 A. Correct.

20 Q. Okay. Turning to your time at
21 Stout.

22 On the first page of your CV, you
23 list under the heading of Stout you're the
24 global practice lead offering five service
25 lines there --

1 F. KONSTANTINIDIS - 02/27/2024
2 primarily for tax purposes, and two of them
3 were for financial reporting from companies
4 that they invest.

5 And one of them actually was the
6 Celsius bankruptcy where I valued close to
7 130 cryptocurrencies.

8 Q. And was the valuation you did in
9 Celsius, does that fall within your
10 category of tax purposes or financial
11 purposes?

12 A. That one was primarily for
13 financial reporting. That was the
14 instructions.

15 Q. And you did not -- did you submit
16 a report in the Celsius bankruptcy?

17 A. There was the report that was
18 submitted by Alvarez & Marsal on our
19 behalf, but my analysis was part of the
20 report.

21 Q. And you did not testify in the
22 Celsius bankruptcy?

23 A. There was one of my colleagues
24 that testified.

25 Q. Okay. But you did not?

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Uh-huh.

3 Q. -- do you see that?

4 A. Yep. Yes.

5 Q. Do any of these service lines
6 that you are the practice lead for focus on
7 asset valuation?

8 A. Yes. The second one, the data
9 analytics and business intelligence.
10 This is on our website, the one we have --
11 the one we list the digital assets
12 subpractice line, if you will.

13 Q. And what is the -- you know, what
14 is the scope of the work that you do at
15 Stout or have done at Stout in the area of
16 valuation that falls under that business
17 line?

18 A. I valued cryptocurrencies and
19 NFTs, non-fungible tokens.

20 Q. Okay. With respect to valuation
21 of cryptocurrencies, can you elaborate on
22 your experience there?

23 A. Yes. Purely for cryptocurrencies
24 in the last two years, I had about eight
25 valuation projects. Six of them were

1 F. KONSTANTINIDIS - 02/27/2024

2 A. I did not.

3 Q. Does any of your work at Stout as
4 the global digital practice lead, do you
5 have experience, specific experience with
6 respect to determining asset discounts
7 prior to this matter?

8 A. Yes.

9 Q. Can you explain your experience
10 in that area?

11 A. Those projects that I mentioned
12 before with cryptocurrencies for IRS
13 purposes --

14 Q. Uh-huh.

15 A. -- and even for financial
16 reporting, they had discounts in them that
17 I had to calculate.

18 Q. Okay. So when you say
19 "discount," when you say that you
20 calculated discounts for IRS purposes --

21 A. Uh-huh.

22 Q. -- can you walk me through what
23 that type of assignment would be, what you
24 would actually do?

25 A. Yes. An individual or an entity

1 F. KONSTANTINIDIS - 02/27/2024
2 submitted expert reports in arbitration
3 proceedings?

4 A. Yes.

5 Q. How many times?

6 A. Just once.

7 Q. What was the subject matter of
8 that expert report?

9 A. Primarily sampling theory,
10 confidence intervals. That was the
11 primary -- that was -- I was an expert for
12 confidence interval and sampling theory.

13 Q. Did you testify in that case?

14 A. I'm not sure if legal it's called
15 testimony, but, yes, I was -- I was there
16 in arbitration hearing in person with the
17 other expert.

18 Q. And you were examined in front of
19 the arbitration panel?

20 A. Correct.

21 Q. And did that engagement have
22 anything to do with digital assets?

23 A. No.

24 Q. Do you recall when that -- when
25 that was?

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Correct.

3 Q. What was the scope of the
4 assignment that was given to you by
5 DLA Piper on behalf of its clients?

6 A. It was to read, study and analyze
7 the opposing experts' reports and also
8 provide value for the portfolios.

9 Q. When you say "provide value for
10 the portfolios," what are you referring to?

11 A. I'm referring to valuing the
12 portfolios.

13 Q. Portfolios of what?

14 A. Of the two entities that I
15 represent.

16 Q. With respect to -- a portfolio of
17 what? Of their cryptocurrency holdings?

18 A. Yes. Of the digital assets.

19 Q. Was that limited in some way to
20 specific digital assets?

21 A. Well, in this case one of them
22 had Maps and Serum, and the other had Oxy
23 and Serum.

24 Q. So you were -- you undertook to
25 value the holdings of the DLA clients in

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Maybe a year and a half ago. I
3 mean, I don't exactly remember, but...

4 Q. How are you engaged in this
5 matter?

6 A. A colleague of mine from Stout
7 told me about DLA Piper's sort of, like,
8 need for an expert to analyze and study the
9 opposing experts' report and value the
10 assets.

11 And then he put me in contact
12 with DLA Piper, and that's how I was
13 engaged.

14 Q. And how did you become -- were
15 you separately engaged by Reed Smith on
16 behalf of those clients?

17 MR. ROSTOCKI: Object to form.

18 THE WITNESS: Again, through the
19 same colleague of mine, I was
20 separately engaged also with Reed
21 Smith.

22 BY MR. GLUECKSTEIN:

23 Q. And so the engagements were --
24 each came to you through your colleague at
25 Stout?

1 F. KONSTANTINIDIS - 02/27/2024

2 Maps, Oxy and Serum?

3 A. Yes.

4 Q. What was the scope of your
5 assignment in this matter by the -- when
6 you were retained by the Reed Smith
7 clients?

8 A. It was, again, to study and
9 analyze the opposing experts' reports and
10 provide value for the portfolios of their
11 clients -- or their digital assets that
12 they hold.

13 Q. Is it your understanding there's
14 any difference in scope of your assignment
15 between those two engagements?

16 A. Well, primarily on the Reed Smith
17 it was mostly focused on the -- on the
18 valuation part. That's evident in my
19 report.

20 And on the DLA Piper side, it was
21 also a little bit more on the studying and
22 analyzing the opposing experts' reports.

23 Q. Were there any opinions in this
24 matter that either clients asked you to
25 give that you declined to provide?

Page 34

F. KONSTANTINIDIS - 02/27/2024

A. No.

Q. Had you worked with DLA Piper on any other engagements prior to this one?

A. No.

Q. Do I understand correctly from your report that you're being paid hourly for your services in connection with this litigation?

A. Yes.

Q. Are you receiving any additional compensation or incentives beyond your hourly rate?

A. No.

Q. Mr. Konstantinidis, have you done any prior work with CoinMarketCap?

A. Yes.

Q. When have you worked with CoinMarketCap?

A. In all of this engagements I described before, CoinMarketCap is the main data aggregator that I'm using along with the other two that I put in my report, Coin Paprika and CoinGecko.

Q. So in your work, you generally

Page 35

F. KONSTANTINIDIS - 02/27/2024

rely on data from CoinMarketCap; is that right?

A. It's one of the sources.

Q. Have you done any work with CoinMarketCap directly as a client?

A. No.

Q. How many -- approximately how many hours have you spent on this engagement between the clients?

A. That's an approximation, because there's no way for me to remember. But I would say approximately 80 hours.

Q. Do you have any sense of how many hours the others on your team spent on this engagement?

A. Less than that definitely.

Q. What is your understanding, Mr. Konstantinidis, of what -- what the Oxy token is?

A. My understanding is that it is a utility and governance token that it's -- it's used for specific fintech use cases like borrowing. And it's a native token for the Oxygen protocol.

Page 36

F. KONSTANTINIDIS - 02/27/2024

Q. What is the understanding -- what understanding do you have of what the Oxygen protocol is?

A. It provides the -- if you hold the network, that it has governance rules into it where the token lives. It is pretty standard in cryptocurrencies that they have their own network where they reside.

Q. Are you aware of the current status of the Oxygen protocol ecosystem?

A. I wouldn't know the most recent ones, because I didn't check it recently. But it's still active, and it looks like it still has a website and the native token is still trading.

Q. Beyond the native token still trading, and the fact that they have a website, do you have any information one way or the other as to what the Oxygen protocol ecosystem is currently doing, if anything?

A. I think I list that also in my report about its objective.

Page 37

F. KONSTANTINIDIS - 02/27/2024

Q. I'm sorry. Where are you looking?

A. I'm looking at page 8.

Q. You're looking at paragraph 18 of your report --

A. Paragraph -- yes.

MR. TOROSIAN: Of Exhibit 1, just for clarification.

THE WITNESS: Of Exhibit 1.

BY MR. GLUECKSTEIN:

Q. In determination of -- you're citing to what the -- what you state is the main objective of the Oxygen protocol as stated there in paragraph 18?

A. That this is -- yeah, this is my understanding of the Oxygen protocol, what I have in my report.

Q. And there's nothing in your report about what the current status of the Oxygen protocol ecosystem is today, correct?

A. No. Because the scope was to value everything as of the petition date. Everything that happened after is

Page 46

F. KONSTANTINIDIS - 02/27/2024

THE WITNESS: Yes. So for my engagements for cryptocurrency, the scope is to value the tokens. So I'm not sure what the fundamental value means in that context.

BY MR. GLUECKSTEIN:

Q. When you say "value the tokens," how do you define -- when you say "value the tokens," what do you mean?

A. I mean what do they value for a willing seller and a willing buyer.

Q. As far as the price that you could trade the token?

A. Not necessarily trade, because it may not be traded. But the price that someone is willing to pay to buy the token.

Q. In your mind, is there any value in a token that goes beyond the price that a buyer and a seller would be willing to pay and receive?

MR. TOROSIAN: Object to form.

THE WITNESS: What do you mean?

Can you give me an example?

///

Page 47

F. KONSTANTINIDIS - 02/27/2024

BY MR. GLUECKSTEIN:

Q. Is there any value beyond the price -- let me strike that.

Your valuation of tokens is establishing the price that a buyer and seller would agree on for purposes of that token, correct?

A. Yes. Or for IRS purposes, what -- what are they valuing those tokens.

Q. And you're not offering any other valuation opinions with respect to the tokens other than that price, as you define it?

MR. TOROSIAN: Object to form.

THE WITNESS: What would be another opinion? I'm --

BY MR. GLUECKSTEIN:

Q. I'm just asking.

A. No, I understand. But I'm giving the value of the token.

Q. Okay. Mr. Konstantinidis, you -- your reports, you -- and you agree with the debtors here that discounts to the petition date spot pricing for Maps, Oxy and Serum

Page 48

F. KONSTANTINIDIS - 02/27/2024

need to be made, correct?

A. Yes.

Q. So you're not suggesting that there's any basis to value any of Maps, Oxy or Serum at the spot price on the petition date, right?

A. Correct.

Q. So the claims that were submitted by your clients in the debtors' bankruptcy cases with amounts based on petition date spot pricing are incorrect or unsupportable, correct?

MR. ROSTOCKI: Objection to form.

MR. TOROSIAN: Object to form.

THE WITNESS: I haven't read that document. But due to the volume of the trading volume, you cannot use the spot price as of the petition date for the whole block.

BY MR. GLUECKSTEIN:

Q. Sir, have you reviewed the motion that was filed by the debtors to estimate claims based on digital assets that we're here talking about today?

Page 49

F. KONSTANTINIDIS - 02/27/2024

A. Which motion are you referring to?

Q. Well, let's take a look at it. (Whereupon, Exhibit 3, is marked for identification.)

BY MR. GLUECKSTEIN:

Q. Sir, you have in front of you what is titled "Motion of Debtors to Estimate Claims Based on Digital Assets."

Do you see that?

A. Yes.

Q. Have you ever reviewed this document before?

A. I may have looked at it, but I don't remember the details.

Q. Do you have an understanding of what the debtors seek to do in this motion for which you were retained to provide your valuation?

MR. ROSTOCKI: Objection to form.

THE WITNESS: Not exactly, because that was out of scope -- out of the scope of what I did.

///

1 F. KONSTANTINIDIS - 02/27/2024

2 BY MR. GLUECKSTEIN:

3 Q. So you looked -- you just looked
4 at -- as you described it, you provided
5 critiques of the debtors' experts, and you
6 valued the tokens?

7 MR. ROSTOCKI: Objection to form.

8 THE WITNESS: That was the scope,
9 yes.

10 BY MR. GLUECKSTEIN:

11 Q. Okay. All right. So you
12 didn't -- you didn't do anything else with
13 respect to consider what the debtors were
14 asking the Court to do in connection with
15 the opinion you were providing, correct?

16 A. Yes. I'm a valuation expert, so
17 I valued the portfolios.

18 Q. You've described a few times as
19 you valued your clients' portfolio of Maps,
20 Oxy and Serum tokens, correct?

21 MR. ROSTOCKI: Objection to form.

22 THE WITNESS: Yeah.

23 BY MR. GLUECKSTEIN:

24 Q. You did not value Maps, Oxy or
25 Serum with respect to any other customers

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Yes.

3 Q. And so consistent with that view
4 in paragraph 49 of your report, you apply a
5 different discount to the Serum held by
6 Maps Vault Ltd. than to the tokens held by
7 Oxygen Vault Ltd., correct?

8 A. Correct.

9 Q. And this is because under your
10 methodology, you calculate the asset -- you
11 calculate the discount based on the
12 holdings of Serum for each of those clients
13 individually, correct?

14 A. Yes.

15 Q. And so the result of applying
16 different discounts is that there would be
17 a different token value on the petition
18 date for each of your clients, correct?

19 MR. ROSTOCKI: Objection to form.

20 THE WITNESS: Yes. But this is
21 normal for those valuations when in the
22 previous projects you asked me, a
23 client comes and they want me to value
24 the portfolio, I don't know what other
25 clients are holding for the same

1 F. KONSTANTINIDIS - 02/27/2024

2 of FTX, correct?

3 A. Correct.

4 Q. And you're not anywhere offering
5 an opinion on the value of Maps, Oxy or
6 Serum as of the petition date that would be
7 applicable to other customers of FTX,
8 correct?

9 A. Correct.

10 Q. And your opinion, as reflected in
11 Exhibit 1, is that discounts to petition
12 date prices should be made for each of your
13 clients on a per-entity basis, correct?

14 A. Yes.

15 Q. All right. And you say that
16 in -- if you look at paragraph 49 of your
17 report.

18 A. Uh-huh.

19 Q. In paragraph 49 you say, "The
20 result of this analysis as of the date of
21 this report and based on the foregoing
22 valuation methodology is that the
23 appropriate discounts on a per-entity basis
24 as of the petition date," and it goes on to
25 list price -- discounts there, correct?

1 F. KONSTANTINIDIS - 02/27/2024

2 assets. So you treat the portfolio
3 isolated to everything else.

4 BY MR. GLUECKSTEIN:

5 Q. I understand. I'm just trying to
6 understand what you did.

7 A. Uh-huh.

8 Q. So what you did, you calculated a
9 discount based on the holdings of each
10 individual client, and that gets you to
11 potentially, as we see here, different
12 discounts for different clients, correct?

13 A. Yes.

14 Q. And so under your methodology, if
15 the debtors needed to calculate a discount
16 and a price for each of its customers, it
17 would need to do an individual analysis, as
18 you did here for each of your clients,
19 correct?

20 A. Not for all the tokens.

21 Q. But for these tokens. I'm
22 talking about for these tokens.

23 A. Yes.

24 Q. Nowhere -- sir, nowhere in your
25 analysis reflected in Exhibit 1 or

Page 54

F. KONSTANTINIDIS - 02/27/2024
Exhibit 2 are you accounting for the debtors' other holdings of Maps, Oxy or Serum other than the claims of your clients, correct?

A. Yes.

Q. Are you aware, sir, that more than 95 percent of the maximum supply of each of these tokens were in the possession of FTX and Alameda on the petition date?

A. This is a number that I believe it was in Professor Howell's report. I just didn't see the data verified that. But I wouldn't say yes or no just because I didn't see proof of that.

Q. So you don't know one way or the other?

A. I don't know for sure.

Q. Does that sound plausible to you?

A. I mean, if you had me to guess, it would sound plausible.

Q. In your view, though, those holdings are not relevant to your analysis in calculating the discount with respect to the claims of your clients, right?

Page 56

F. KONSTANTINIDIS - 02/27/2024
BY MR. GLUECKSTEIN:

Q. Plaintiffs meaning your clients.

A. Yeah, meaning the four entities.

Q. Yeah. So we can put them -- either way is fine. If you can put them together, do you have a sense on a combined basis the percentage of tokens that your clients hold compared to the debtors?

MR. TOROSIAN: Object to form.

MR. ROSTOCKI: Object to form.

THE WITNESS: It would be -- my guess would be that the percentage would be high for Maps and Oxy, but not necessarily for Serum.

BY MR. GLUECKSTEIN:

Q. And you say high for Maps and Oxy.

So of the 95 percent of the maximum supply held by the debtors, you're suggesting that there would be a high percentage of that that was held by your clients?

MR. TOROSIAN: Object to form.

THE WITNESS: I haven't seen the

Page 55

F. KONSTANTINIDIS - 02/27/2024

A. But from that 95 percent, these are gonna be the holdings --

Q. Uh-huh.

A. -- of the clients, because FTX would be serving as a custodian, correct?

Q. Are you suggesting that your clients hold all of that 95 percent or have claims to that 95 percent?

A. I haven't seen any data about how the tokens break down between my clients and the remaining tokens that FTX holds.

What I'm suspecting is if you're saying that FTX held 95 percent, some of the holdings would belong to those entities that I valued their tokens.

Q. Do you have any sense of the magnitude as to your clients' holdings as compared to other holdings of FTX in Maps, Oxy and Serum?

MR. TOROSIAN: Object to form.

THE WITNESS: Do you mean separately or together all the plaintiffs combined?

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Page 57

F. KONSTANTINIDIS - 02/27/2024
data, but that's what I'm guessing.

BY MR. GLUECKSTEIN:

Q. And whatever the percentage is beyond your client's share of that 95 percent, you did not take that into account in calculating your discounts, correct?

A. Correct.

Q. In your analysis, what, if anything, do you assume will happen to the debtors' remaining holdings of Maps and Oxy beyond the tokens that are claimed by your clients?

A. What do you mean what will happen?

Q. What will the debtors do with those tokens?

MR. TOROSIAN: Object to form.

THE WITNESS: That was outside the scope. What I did was value the tokens.

BY MR. GLUECKSTEIN:

Q. And so you didn't take into account, though, whether the debtors needed

Page 70

1 F. KONSTANTINIDIS - 02/27/2024
2 the 5 to 10 percent that I'm trying to find
3 that -- for individual stocks, that it
4 doesn't affect the market price.

5 Q. But you would agree --

6 MR. TOROSIAN: Take your time.

7 THE WITNESS: Yeah.

8 BY MR. GLUECKSTEIN:

9 Q. -- sir, that it is possible that
10 even if quantities traded are restricted to
11 5 or 10 percent of daily volumes, there
12 could be an affect on price change?

13 MR. TOROSIAN: Object to form.

14 THE WITNESS: No. I disagree.
15 This is an assumption I use and other
16 competitors of us are using in the
17 valuation reports, so this is a valid
18 assumption.

19 BY MR. GLUECKSTEIN:

20 Q. Okay. So you disagree with this
21 conclusion, which is one of multiple
22 conclusions, but then you disagree with
23 this conclusion that's set forth in the
24 2023 K&O report?

25 MR. ROSTOCKI: Objection to form.

Page 72

1 F. KONSTANTINIDIS - 02/27/2024
2 analysis to support that assumption for
3 purposes of this opinion?

4 A. I think I provided some
5 cryptocurrency data that they show large
6 trades, and we also -- I also did the
7 analysis for the traditional stock market
8 for the second -- secondary offerings.

9 But this is, again, an
10 established percentage that practitioners
11 are using. This is based on real-world
12 data and interviews and decades of
13 experience.

14 Q. Do you cite anywhere in your
15 report any other practitioners or citations
16 in the literature that agree that the
17 10 percent is a reasonable assumption
18 across the board?

19 A. I don't have any citations of the
20 report.

21 Q. In your view, with respect to the
22 market for Maps, Oxy and Serum, could there
23 be some price impact above zero at the
24 10 percent trading level?

25 A. No.

Page 71

1 F. KONSTANTINIDIS - 02/27/2024

2 MR. TOROSIAN: Objection to form.

3 THE WITNESS: I disagree, because
4 in this paper they're not valuing
5 assets, and they're trying to
6 understand market crashes. So it's a
7 completely different scope of what I
8 did.

9 BY MR. GLUECKSTEIN:

10 Q. In terms of the purpose of the
11 report is different, in your view?

12 A. But also the analysis they
13 provide. They also do not see
14 transactions. They see bets.

15 Q. Okay. And how do you see that as
16 transaction versus bets leading to a
17 different outcome?

18 A. Well, because bets are
19 constructed differently. There may be a
20 number of transactions altogether combined
21 that it has a completely different modeling
22 that they're trying to put into the market
23 to understand pricing impact.

24 Q. You said that the 10 percent is a
25 reasonable assumption. Did you perform any

Page 73

1 F. KONSTANTINIDIS - 02/27/2024

2 Q. What level of volume increase
3 would you expect a result -- to result in a
4 nonzero price impact for Maps?

5 A. Well, my assumption is
6 10 percent. So anything over 10 percent
7 will potentially have a price impact.

8 Q. So at 10.1 percent we might see a
9 price impact?

10 A. Yeah, I would say, on average,
11 based on my assumption everything over
12 10 percent, although it's still
13 conservative, may potentially have a price
14 impact.

15 Q. And because you're using the
16 10 percent as a fixed assumption, that
17 would be the same for Oxy and Serum as
18 well?

19 A. Yes.

20 Q. Your blockage discount method
21 assumes there will be block trading every
22 single day in Maps and Oxy for four to five
23 years depending on the token, correct?

24 A. Yes.

25 Q. And do you account for

Page 74

F. KONSTANTINIDIS - 02/27/2024
anywhere -- do you account anywhere for
market expectations of these ongoing block
trading day after day?

MR. ROSTOCKI: Objection to form.

THE WITNESS: No.

BY MR. GLUECKSTEIN:

Q. Do you think that the market at
some point would recognize that there was
block trading happening at this volume
every day and adjust over time?

A. The cryptocurrency market is
difficult to understand. So by selling,
you create liquidity. So also the price
can go up. There are other factors outside
of what you control.

So you don't really know if it
will go up or down. But, again, this is an
assumption that has been used and approved.
And I'm following just a well-known path
for valuation practitioners.

Q. Okay. And when you say that this
10 percent is well established by valuation
practitioners, what is the basis for that
statement other than your experience with

Page 76

F. KONSTANTINIDIS - 02/27/2024

A. (No audible response.)

Q. So each of the clients could sell
10 percent into the market each day and not
have any -- your assumption is not have any
effect on price, correct?

A. Correct.

Q. So your three clients would be
selling 10 percent each, 30 percent of
their holdings each day, correct?

MR. TOROSIAN: Object to form.

THE WITNESS: For which you're
talking?

BY MR. GLUECKSTEIN:

Q. Let's -- for Maps.

A. So what is the percentage you
said?

Q. Well, you're saying each client
who holds a token could sell 10 percent
into the market each day without any effect
on price, correct?

MR. TOROSIAN: Object to form.

THE WITNESS: Yes.

BY MR. GLUECKSTEIN:

Q. And if you had 50 clients, they

Page 75

F. KONSTANTINIDIS - 02/27/2024
the IRS?

MR. TOROSIAN: Object to form.

THE WITNESS: It is other
competitors of Stout's are using it.
Some of the reports are public, and
they were made in the U.S. tax court
about the 10 percent.

BY MR. GLUECKSTEIN:

Q. Do you cite any of those in your
opinion?

A. I don't cite them, no.

Q. The 10 percent assumption applies
to each of your clients individually,
correct?

A. Correct.

Q. Okay. So it's a 10 percent -- is
it a 10 percent increase in the overall
market for Maps, or is it that your -- each
of your clients could sell 10 percent per
day?

MR. TOROSIAN: Object to form.

THE WITNESS: It's each client.

BY MR. GLUECKSTEIN:

Q. Each of the clients?

Page 77

F. KONSTANTINIDIS - 02/27/2024

could each sell 10 percent under your
methodology, correct?

A. Correct. But, again, you see the
portfolio's isolated, and that's what you
do for normal projects. There's no way to
investigate if somebody comes and have
large amounts of cryptocurrency, what
others are holding.

So that's the methodology. This
is a special case that I happen to be the
valuation expert for those entities. But
in most of the cases, I do not know what
others are holding. And every portfolio is
treated differently.

MR. GLUECKSTEIN: Why don't we
take a 5-minute break.

MR. TOROSIAN: Yeah, sure.

THE STENOGRAPHER: Off the
record.

(Whereupon, a recess was taken at
10:21 a.m.)

MR. GLUECKSTEIN: Back on the
record.

///

Page 78

1 F. KONSTANTINIDIS - 02/27/2024
2 BY MR. GLUECKSTEIN:

3 Q. Now, Mr. Konstantinidis, can you
4 go back to Exhibit 1, which is your report.
5 We were looking earlier at paragraph 49.

6 We discussed -- you set out in 49
7 a discount rate for the tokens held by each
8 of the DLA clients there, correct?

9 A. Yes.

10 Q. And in paragraph 50, then you
11 calculate a value of those tokens based on
12 the adjusted discounted price, correct?

13 A. Yes.

14 Q. Okay. And you testified this
15 morning that you evaluated -- you valued
16 each of the clients' portfolios of tokens
17 as they used it, correct? That's the term
18 you used?

19 A. Yes. That's the term I used,
20 meaning things they had.

21 Q. So did you calculate that -- in
22 this report here, did you calculate -- do
23 you consider the Maps Vault Ltd. holdings
24 to be one portfolio and Oxygen Vault Ltd. a
25 second portfolio?

Page 80

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Uh-huh.

3 Q. You state in the middle of
4 paragraph 33, quote, "Large amounts of
5 Maps, Oxy and Serum can be absorbed into
6 the cryptocurrency market, and there is no
7 reason to require a slow trading strategy,"
8 end quote.

9 Do you see that in the middle --

10 A. Yes.

11 Q. Yeah. What do you mean by "large
12 amounts" there in paragraph 33?

13 A. I mean more than 10, 15 percent
14 of daily trading volume.

15 Q. And when you say "can be absorbed
16 into the cryptocurrency market," do you
17 mean can be absorbed without a price
18 impact?

19 A. No. I mean they can be sold.
20 They can be absorbed. They will not crash
21 the market.

22 Q. They will not crash the market.

23 So it's your opinion that large
24 amounts, 10 to 15 percent, in your words,
25 of these at-issue tokens can be absorbed

Page 79

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Yes.

3 Q. And then, so, similarly in the
4 report in Exhibit Number 2 with respect to
5 other clients, paragraph 24, the holdings
6 of Foundation Elements would be a third
7 portfolio?

8 A. Yes.

9 Q. And then Foundation Serendipity a
10 fourth portfolio, correct?

11 A. Yes.

12 Q. So for purposes of your opinions
13 here, you valued, in your parlance, four
14 portfolios of tokens; is that correct?

15 A. Yes.

16 Q. Did you value any other
17 portfolios of tokens?

18 A. No.

19 Q. Sorry to jump back, sir, but if
20 you could go back to Exhibit 1, which is
21 your report on behalf of the DLA clients.

22 Do you have that, sir?

23 A. Uh-huh.

24 Q. If you could look at paragraph 33
25 of your report.

Page 81

1 F. KONSTANTINIDIS - 02/27/2024

2 into the market where there are buyers for
3 those tokens?

4 A. My apologies. Let me -- more
5 than 10 percent.

6 Q. More than --

7 A. Because obviously my opinion is
8 up to 10 percent it won't depress the
9 value.

10 So here I show six transactions
11 that they are over 10 percent that the
12 market can absorb without crashing.

13 Q. Okay. So we'll get to the six in
14 a moment.

15 But your statement specifically
16 about Maps, Oxy and Serum, so it's your
17 testimony that in excess of 10 percent can
18 be absorbed into the market on a daily
19 basis without crashing the market?

20 A. I'm not making the claim about
21 daily basis. The data show individual
22 large tokens sold in the market.

23 Q. So it's just your general view
24 that large amounts in excess of 10 percent
25 of these three tokens can be absorbed into

1 F. KONSTANTINIDIS - 02/27/2024
2 the market, meaning if you sold them, there
3 would be a buyer?

4 A. Yes. But it's not only my view.
5 I provided the data to support.

6 Q. And so the support for that
7 statement are the examples that you list
8 below in A through F?

9 A. Yes. These are some examples.
10 But, in general, based on my professional
11 judgment, that has happened in the past
12 with other crypto tokens.

13 Q. Okay. And you cite six examples
14 in your report.

15 Do you provide any other -- do
16 you provide any other evidence of that view
17 other than these six examples in
18 paragraph 33?

19 A. I haven't provided any other
20 examples, but also I'm relying on my
21 experience with a cryptocurrency market
22 where I have seen large trades do take
23 place without destroying the market.

24 Q. Okay. If you could turn to
25 paragraph -- I'm sorry. Before we do that.

1 F. KONSTANTINIDIS - 02/27/2024

2 A. Uh-huh.

3 Q. -- do you see that?

4 A. Yes.

5 Q. Did you -- did you track what
6 happened to the price of these six tokens
7 in the six months following the block
8 trade?

9 A. No, I didn't.

10 Q. Did you look at the effect of the
11 price of this -- of these tokens at any
12 point other than the one following day to
13 assess the impact of the block trade?

14 A. Not that I recall. We may -- I
15 may have done, you know, some review of the
16 data, but not that I recall.

17 Q. All right. If we could turn now
18 to paragraph 46 of Exhibit 1.

19 Can you explain to me what you're
20 presenting in paragraph 46 of Exhibit 1 of
21 your report?

22 A. Yes. For the blockers discount
23 method, I did not want to assume an
24 unrealistic assumption of constant value
25 going forward, so I -- what I did was I

1 F. KONSTANTINIDIS - 02/27/2024

2 So the six tokens that are listed
3 in paragraph 33, how did you identify those
4 tokens?

5 A. I did not identify the tokens. I
6 was looking for large transactions. This
7 is a random sample. I didn't pick them.

8 Q. This is a random sample of large
9 transactions.

10 So there are others that you
11 reviewed, other large transactions that you
12 reviewed?

13 A. These are the ones that I found
14 readily, because it's not -- it's time
15 consuming to mine the blockchain.

16 Q. For these six examples that you
17 list in paragraph 33, did you track what
18 happened to the price over a longer period
19 of time following these block trades?

20 A. Over a long period of time
21 meaning?

22 Q. Well, you present here in
23 paragraph 33, and you state the volume of
24 the trade and then you say what happened to
25 the price on the following day --

1 F. KONSTANTINIDIS - 02/27/2024

2 used a CoinMarketCap API, and I used the
3 criterion of the volume, the dollarized
4 volume in USD to be between 1 million and
5 30 million, which are relatively successful
6 tokens.

7 And I found the average volume
8 for the five years of their existence, and
9 I applied that volume profile to Maps, Oxy,
10 Serum.

11 Q. Okay. And how did you select
12 those 20 cryptocurrencies?

13 A. The one selection was the daily
14 volume as of the day that I -- around the
15 API. So as of, let's say mid-January, that
16 was their daily trading volume.

17 And then I sorted them based on
18 market cap. And that's how I chose them.

19 Q. And you said that the data that
20 you sourced for this information was from
21 CoinMarketCap?

22 A. Correct.

23 Q. Did you analyze whether any of
24 the 20 cryptocurrencies that are listed in
25 Footnote 67 --

Page 86

F. KONSTANTINIDIS - 02/27/2024

A. Uh-huh.

Q. -- had any ties to FTX or Alameda?

A. No. Because the whole point was to understand cryptocurrencies outside the holdings to understand their volume growth.

Q. Did you analyze whether any of the 20 tokens listed in Footnote 67 --

A. Uh-huh.

Q. -- experienced any market distress the way that Maps, Oxy and Serum did due to the collapse of FTX?

A. You mean -- can you clarify? You mean before the petition date or after the petition date.

Q. Yeah. Before petition date. So at the time that you were looking at -- well, let's -- let me step back on that.

So the volume trends that you're presenting in paragraph 46, are those -- are those trends that occurred before or after the petition date?

A. There were some before and some after. The criterion was five years of

Page 88

F. KONSTANTINIDIS - 02/27/2024

based on my professional judgment, it didn't seem like they -- they were affected by major events.

BY MR. GLUECKSTEIN:

Q. But you didn't do any analysis on a token-by-token base into the qualitative events that might have been at issue for those tokens?

MR. TOROSIAN: Object to form.

THE WITNESS: No, I did go and review the volume. And before the FTX event, there was the Celsius event.

Before that, there was the Luna event.

So there were a number of events, obviously major articles. I prefer to get the data as is versus applying subjective criteria to demean the volume. Unless there is something that I definitely considered to be affecting that. But that wasn't the case.

BY MR. GLUECKSTEIN:

Q. And then how did you -- how did you apply the volume trends that you learned from that analysis to Maps, Oxy and

Page 87

F. KONSTANTINIDIS - 02/27/2024

existence of those tokens.

Q. So that could -- that could -- that could have spanned before or after the petition date; it was five years of existence from the time you did your analysis?

A. Correct. This is why I don't need to be having FTX holdings, because I wanted to be independent of the bankruptcy.

Q. But did you assess in any way whether those crypto -- those 20 cryptocurrencies had their own significant market-affecting events?

MR. ROSTOCKI: Objection to form.

THE WITNESS: Well, it's difficult to understand cause or relationship in the crypto market. Obviously there were major events before the FTX bankruptcy.

And it's difficult to demean or take the mean out or count all the events, because it's impossible to do in contingencies.

So I did review their volume, and

Page 89

F. KONSTANTINIDIS - 02/27/2024

Serum for purposes of your report here?

A. So I aligned, since their -- since their existence, I aligned those five years of existence for those tokens from Maps, Oxy, Serum. Calendar years. So Maps and Oxy had a prior year in existence, so I started year two.

And for Serum was two years in existence, so I start the volume profile at profile -- at year three.

Q. Did you use an average of the 20 cryptocurrencies in terms of the volume numbers?

A. Yes.

Q. Did you calculate a median of those numbers at any point in your analysis?

A. I had a median just to review, so I did calculate a median as well.

Q. And do you recall whether the median was higher or lower than the average?

A. The median was lower.

Q. Was it significantly lower?

F. KONSTANTINIDIS - 02/27/2024

A. The median for the first year, the average was 850 percent, and the median was around 150 percent.

Q. 150 percent?

A. Yes.

Q. Nonetheless, you thought that the average was the more appropriate number to base the projected growth for purposes of the three at-issue tokens here?

A. I felt it was the average better represents your data. I did not feel that I had bad data, meaning data that I had to take out.

And the median does -- does not take out, you know, certain tokens, and I did want to include everything. I mean, which is the same thing, for example, that in Professor Howell's report, she is calculating average volume from different cryptocurrency markets. She does not calculate the median. She takes the average. For volume, the average is more representative than the median.

Q. And do you agree with

F. KONSTANTINIDIS - 02/27/2024
and even more.

So it did seem like this is -- this is reasonable. This is a reasonable growth rate.

BY MR. GLUECKSTEIN:

Q. From the 20 cryptocurrencies on which you base your value and projections, are you aware of any examples in your data in which -- in which significant large trades, 10 percent per day or more, were observed?

A. No. I haven't -- I haven't done this analysis.

Q. If the volume growth rates are slower than you assume, the liquidation of the three at-issue tokens would take longer, correct?

A. Yes.

Q. Potentially much longer?

A. Well, "much" depends on what is the growth rate that you're assuming.

Q. So if you had a -- you know, if you had a significantly lower growth rate, it could take decades to liquidate these

F. KONSTANTINIDIS - 02/27/2024

Professor Howell's calculation that the trading volumes of both Maps and Oxy would increase by over 850 percent and Serum by more than 20 percent based on your projections?

A. Yes.

Q. And you think that the 850 -- based on your analysis of these 20 cryptocurrency value trends, you believe that the 850 percent is a reasonable projection?

MR. ROSTOCKI: Objection to form.

THE WITNESS: Yes, I believe it's a reasonable projection. Because I also reviewed other tokens to find out is it a real number. Did other tokens have a similar growth between the estimation period that Professor Howell has before the year before the petition date and one year after.

And it seems that over -- more than 20 cryptocurrencies that did have significant growths over 850 percent, you know, in the 5,000 percent range

F. KONSTANTINIDIS - 02/27/2024
tokens at these volumes, correct?

A. When you say "significantly lower," what number range are you talking about for the growth rate?

Q. Let's say -- well, if you did the calculation to see how long it would take to liquidate these -- these tokens at the median level of I think you said 150 percent?

A. I did not do the calculation.

Q. Do you have any sense as to at 150 percent growth rate, how long it would take to liquidate these tokens versus your 850 percent projection?

A. It's a guess, obviously. So right now for the 850 percent, it takes 4 to 5 years, 4.8 to 5.1 depending on the token in the portfolio.

If you go from 850, you said what is the range? 100 percent --

Q. You said early --
(Simultaneous unreportable crosstalk occurs among parties.)

///

Page 94

F. KONSTANTINIDIS - 02/27/2024

(Stenographer requests one speaker at a time.)

BY MR. GLUECKSTEIN:

Q. If you used the 150 percent median calculation --

A. Uh-huh.

Q. -- do you have an estimate as to how long it would take to liquidate the tokens?

A. Well, I would need to run the model again, but it's going to be more than five years.

Q. Significantly more?

A. Well, maybe --

MR. TOROSIAN: Object to form.

THE WITNESS: I wouldn't know the exact amount, but let's say somewhere between 20, 30 years, somewhere along those lines.

BY MR. GLUECKSTEIN:

Q. If we could look at -- back to Exhibit 1 of your report, paragraph 45.

A. Uh-huh.

Q. You state in paragraph 45 that

Page 96

F. KONSTANTINIDIS - 02/27/2024

A. Yes.

Q. And did you -- you didn't consider -- strike that.

You believe that the 24-hour average is also appropriate for pricing, not only volume, correct?

A. Yes. It has to be both, because they're highly correlated. When one goes up, the other goes down. So you can't have different intervals.

Q. Did you -- other than relying on your experience, did you do any sensitivity or other analysis to determine the 24 hours was the appropriate period?

MR. TOROSIAN: Object to form.

THE WITNESS: Sensitivity in what way?

BY MR. GLUECKSTEIN:

Q. Did you do any -- any analytical calculations as to why 24 hours is appropriate? Did you look at any other periods of time?

A. I did look at Mr. Lu's 60-minute interval for prices. I did look into

Page 95

F. KONSTANTINIDIS - 02/27/2024

the prices -- quote, "The prices and daily trading volumes used for the three tokens as of the petition date and petition time with a 24-hour average is for the 24 hours prior to the petition date and time."

Do you see that?

A. Yes.

Q. Why did you select 24 hours as the window to average prices?

A. Because I want to be as close as to the petition date, which is my valuation date.

Q. Why 24 hours versus some other time increment?

A. Well, the 24 hours is an established one. This is what CoinMarketCap, CoinGecko, other providers are using for average volumes. And also in my Celsius engagement, that's the one that I used. And the Court accepted the 24-hour average.

Q. You used 24-hour averages not only for volume here, you're saying also for pricing, correct?

Page 97

F. KONSTANTINIDIS - 02/27/2024

Professor Howell's one year prior to the CoinDesk article. So I did look in different intervals.

Q. And you did not make any adjustments or discounts to those numbers on the 24-hour average due to the unusual events surrounding the collapse of FTX, correct?

MR. ROSTOCKI: Objection to form.

THE WITNESS: What do you mean "unusual events?"

BY MR. GLUECKSTEIN:

Q. The fact that FTX was -- the public information about what was happening with FTX and the imminency of its bankruptcy.

A. I did see the window, the 24-hour and the window for Maps and Oxy did not take into account the spike, the increase in volume and the highly decrease in price that they did happen before that 24-hour window.

Q. I'm sorry. Can you repeat that answer?

Page 106

1 F. KONSTANTINIDIS - 02/27/2024
2 trading?

3 A. Yes, I am.

4 Q. What is your understanding of
5 what wash trading is?

6 A. Wash trading is primarily when I
7 as an investor use the same wallet ID or
8 even multiple wallet IDs and I exchange
9 volume among myself or some other people I
10 know just to create inflated volume and
11 inflated supply. So I will increase the
12 price of that token.

13 Q. Do you have an understanding
14 what -- other than wash trading, what fake
15 volumes would refer to?

16 A. That would also refer to certain
17 exchanges that for their own benefit and
18 market data, nobody can regulate them. So
19 they can report any volume they want just
20 to create that vehicle that they -- they
21 have a lot of transactions in their
22 platform.

23 Q. Do you have a view as to whether
24 a wash trading or fake volume is an issue
25 at the exchanges reported on by

Page 108

1 F. KONSTANTINIDIS - 02/27/2024
2 problems are not pervasive in the
3 CoinMarketCap aggregated data?

4 A. Correct. Yes.

5 Q. And the basis for that is what's
6 been reported by CoinMarketCap to the
7 public, correct?

8 A. Yes. My basis for that is the
9 documentation they provide about the
10 measures they take to protect whoever
11 consumes that data.

12 Q. Did you exclude from any of your
13 data, volume data, lower scoring exchanges
14 that are reported by CoinMarketCap?

15 A. No. Because just like I believe
16 in the original report by Mr. Lu, the data
17 aggregators when you extract historical
18 data, they do not provide the different
19 cryptocurrencies that they correspond to.

20 Q. So isn't it true that one of the
21 reasons that CoinMarketCap would reduce the
22 rating of an exchange is because of
23 concerns about their trading data?

24 A. In many cases, CoinMarketCap
25 doesn't even include exchanges that they

Page 107

1 F. KONSTANTINIDIS - 02/27/2024
2 CoinMarketCap?

3 A. For which particular exchanges do
4 you mean?

5 Q. For any of the exchanges that are
6 aggregated by CoinMarketCap that are in
7 your data.

8 A. I -- my understanding is that
9 documentation -- and it's a fact that
10 CoinMarketCap takes all these measures I
11 talked about before to detect fake volume
12 or incorrect pricing.

13 And after it does that, then it
14 cleans out the data, and that's what it
15 reports.

16 Q. Do you understand there to be
17 a -- do you understand there to be reports
18 that -- as recently as 2023 that wash
19 trading and spot trading markets on
20 unregulated exchanges remains a significant
21 problem?

22 A. Yes. For certain markets that
23 are unregulated, it's still a problem in
24 cryptocurrency.

25 Q. And it's your view that those

Page 109

1 F. KONSTANTINIDIS - 02/27/2024
2 have low ranking. This is why I am relying
3 on their data.

4 Q. But you would agree that there
5 are, within the exchange pool that
6 CoinMarketCap is reporting, there are
7 higher ranked exchanges and lower ranked
8 exchanges, correct?

9 A. But in most of the cases, they're
10 the higher ranked exchanges that they
11 provide. And based on the data I saw, for
12 example, comparing Professor Lu -- excuse
13 me, Professor Howell's volume with
14 CoinMarketCap, she uses the 510,000 as the
15 average volume for the estimation period.

16 If you add LBank to that, you
17 get -- you get up to 1.7 million. And the
18 CoinMarketCap reported volume is 1.8.

19 So there's 100,000 difference
20 between the two, which I believe probably
21 comes from a decentralized exchange or
22 rating or any other reputable exchange that
23 would provide that extra volume.

24 So based on the data I saw, it
25 makes perfect sense that CoinMarketCap does